A look at recent changes and advancements in workers' compensation legislation

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Every year somewhere in the country, changes in workers' compensation laws, policies, and procedures are enacted, especially during legislative election cycles. Whether these changes move towards more fiscally conservative standards that would benefit insurers and employers, or whether they lean more claimant-friendly, it is critical for insurers and employers nationwide to understand the changes to ensure proper claim handling.

Following is a recap of some of the changes to state workers' compensation rates and laws that you can expect to see in 2026.

Wisconsin Legislature introduces substantial changes and amendments to Wisconsin Workers' Compensation Act

The Wisconsin Workers' Compensation Act, 2025 Wisconsin Act 145, which became effective April 1, 2026, introduced sweeping changes to the Wisconsin workers' compensation system relating to procedure, evidentiary rules, settlements, and the amount of benefits a claimant may receive in a workers' compensation claim.

The Act effectively wiped out the prior requirement that proceeds from a workers' compensation settlement must be placed in a restricted bank account. Prior to the legislative change, settlement proceeds for all accrued benefits were paid upfront to an injured employee. However, unaccrued future benefits were required to be set aside in a bank account restricting a Claimant from withdrawing more than his or her monthly amount of workers' compensation benefits at any time.

Following the amendment, settlement proceeds may be directly paid to a Claimant at a financial institution of their choosing without any departmental oversight.

Regarding claim administration, the Act now requires a justiciable controversy before the Wisconsin Workers' Compensation Department will accept a hearing application. This change effectively prevents employees from filing an application when there is no dispute, in order to extend the statute of limitations.

Should an employee file a claim without a justifiable controversy, the claim will be dismissed without prejudice, due to not having a disputed issue requiring legal and/or medical determination.

The legislative changes also impact case administration relating to medical treatment. Under the new law, case management personnel used for claims administration by employers and insurers may not be restricted from access to records or participation in care and discharge planning.

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In claims involving inpatient hospitalization or when the involvement of a case manager is needed to ensure appropriate housing and transportation of an injured or disabled employee, case management services cannot be refused. However, the Act reinforces a prior requirement that case managers have no actual authority to direct and choose specific medical care.

Finally, and what employers and insurers will likely be most interested in, the Act increases the maximum weekly permanent partial disability rate to $454 for injuries from accidents occurring on and after April 1, 2026, and to $462 for injuries from accidents occurring on or after January 1, 2027. The former rates were both $446.

Texas benefits for first responders

In a prior article, "Changes to state workers' compensation insurance rates and laws reflect national trends," Westlaw

Today, Jan. 7, 2025, we discussed how Pennsylvania had recently enacted new legislation pertaining to PTSD claims by firefighters, police officers, emergency medical technicians, and paramedics. Workers' compensation laws dealing with first responders are a rapidly growing area of debate in several states.

For example, data complied by the City of Fort Worth Public Safety Committee, indicates that in Fort Worth, Texas, the majority of workers' compensation claims are filed by police officers and firefighters. Fort Worth is attempting to better assist its first responders with their workers' compensation claims due to a concern that many claims filed by first responders are denied.

One Fort Worth firefighter was injured and almost killed when a burning roof collapsed on him while he was in the course and scope of his employment fighting a fire. He battled the city's workers' compensation insurer for months to obtain recommended care. Post-surgical devices, recommended by his in-network physicians, were initially denied. The story of this firefighter's claim led a group of first responders in Fort Worth to advocate for changes to the Texas Workers' Compensation Act.

First responders are also fighting for permission to obtain treatment with out-of-network physicians who would accept the city's workers' compensation fee rates in the hopes that claim denials will be reduced.

Some, however, are not so ready to make changes, including the chair of the Fort Worth Public Safety Commission, Charles Lauersdorf. As reported by NBC 5 DFW, on April 8, 2026, Lauersdorf has stated at a meeting with Fort Worth city leaders hosted by the Fort Worth Public Safety Committee that all workers' compensation claims, regardless of who the employee is, should be treated the same. Affording special treatment to first responders could result in inequitable treatment of other employees.

Lauersdorf has noted that although he understands and knows that there is no malintent behind the filing of these claims there has to be a breakdown in how the claims are administered and processed in order to afford fairness in the processing of all claims filed.

Proposed legislation to Nebraska Workers' Compensation Law for cancer claims by firefighters fails

In Nebraska, a bill to increase a firefighter's chance to receive compensation benefits for cancer claims failed. The bill would have created a rebuttable presumption that a firefighter's cancer was an occupational disease if the firefighter had been exposed to certain carcinogens in the course of their work or, on a case-by-case basis, if a firefighter could prove that another substance they were exposed to on the job was reasonably associated with cancer.

Critics of the bill argued that a firefighter could pursue a claim for benefits with little or no supporting evidence and secure benefits based on the presumption. This could create a large number of claims that cities cannot afford, which would result in costs substantially rising and, in turn, would increase property taxes.

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Proponents of the bill argued that firefighters are not in the best position to know what risks and hazards they may be exposed to while on the job, that it is unfair to allow firefighters to have to fight insurance companies while fighting for their lives, and that society has a moral responsibility to first responders.

Efforts to control pharmacy costs in workers' compensation claims

Concerns have also been raised over the high prices of medications set by pharmacies, including compounding pharmacies, that provide topical analgesics. These concerns stem from pharmacy costs in workers' compensation claims continuing to climb sharply despite years of examination and mandates to stabilize prices.

Unlike in the Medicare, Medicaid, and commercial health insurance sector, programs that cover a majority of insured Americans, administrators in the workers' compensation arena are permitted to direct injured employees to contracted pharmacy networks, except in states that have passed laws prohibiting employers and insurers from doing so.

A compounding pharmacy is a specialized facility that mixes, alters, or combines raw ingredients to create custom medications tailored to a specific patient's needs. This differs from traditional pharmacies, which dispense mass-produced, FDA-approved drugs. Compounding pharmacies often mix topical creams, ointments, or gels that treat localized pain, neuropathy, and fibromyalgia. These medications bypass the stomach and focus relief directly on the affected area. Because these drugs are custom-made by a pharmacist, the final price depends on the ingredients used, dosage form, and the time and equipment required to create the medication.

Compounded medications typically range from $45 to $350 for standard prescriptions. Certain categories, such as complex multi-ingredient pain creams or high-end hormone therapy, can run from $500 to thousands of dollars per month. These potentially exorbitant costs are of significant concern to workers' compensation carriers, as they may not be able to control claim costs when these compounded drugs are prescribed.

Following feedback from stakeholders, payors, and trade associations that topical analgesics have driven up workers'

compensation costs, the Texas Division of Workers' Compensation (DWC), in its 2026 Medical Quality Review Annual Audit Plan, has announced that it will "evaluate the medical necessity and appropriateness of topical analgesic prescriptions" prescribed in Texas workers' compensation claims.

The Texas DWC will work with system participants to develop a topical analgesic audit which would include defining the timeframe, sample size, and case selection that will lead to future reimbursement rule changes, particularly regarding the need for enhanced prescription oversight and utilization management.

The DWC audit could be useful in providing data that regulators in other states may use for implementing reimbursement rule changes, such as what Pennsylvania has proposed in Senate Bill 1215, or new medical regulations that enhance oversight of prescribing topical analgesics. This includes implementing guidelines to ensure that physicians and prescribers in the workers' compensation system are recommending and prescribing medically necessary and appropriate health care that is timely and cost effective.

In Oklahoma, Senate Bill 2074 was introduced aimed at regulating Pharmacy Benefit Managers to ensure fair reimbursement rates for local pharmacies by ensuring that community pharmacies were not reimbursed below the National Average Drug Acquisition Costs (NADAC). Critics argued that the bill would have substantially increased pharmaceutical reimbursement obligations within the state's workers' compensation system. The Oklahoma Health Care Authority estimated an additional $11.6 million in pharmacy costs in 2027.

In April, Oklahoma Governor Kevin Stitt vetoed the bill describing it as a "hidden tax" that would be passed on to small businesses due to higher workers' compensation premiums. A legislative override of the veto is possible before the end of the current legislative session.

What to look out for?

Employers and insurers must keep abreast of statutory changes as legislatures do their work across the country. There is an ever-increasing movement towards higher protections for first responders, controlling the cost of medication in workers' compensation claims, and the efficient use of claims managers in treatment plans for injured employees.

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